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ATOMIC THEFTS: UDALL BLASTS

'MISREPRESENTATION'

By John Flalka

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Morris K. Udall, chairman of the House Interior Committee, has charged that the chief executive officer of the Nuclear Regulatory Commission made a "serious misrepresentation of the facts," by testifying that his agency had "no evidence" that any weapons-grade nuclear materials has been stolen.

An exchange of series of letters released yesterday by Udall's committee shows that the NRC is now openly backing away from any blanket statements that there has never been a theft of a sizable quantity of highly enriched uranium or plutonium, a position that has long been a tenet of the nuclear power industry and high U.S. energy officials.

The shift comes in the wake of recent indications that the CIA and the FBI developed at least circumstantial evidence that highly enriched uranium found to be missing from a plant at Apollo, Pa., in 1965 may have wound up in Israel.

IN A MEMO drafted in reply to the charge made by Udall and Rep. Paul Tsongas, the head of one of Udall's subcommittees, Lee V. Gossick, the NRC's executive director for operations, admitted that he made the statement on behalf of the NRC July 29 without knowing what the CIA had disclosed about Apollo in a secret briefing given to some high level NRC officials in February 1976.

"I regret that Chairman Udall and Rep. Tsongas do not find my lack of information on the Apollo-NUMEC matter to be an acceptable explanation," added Gossick, who noted that he had not been invited to attend the secret briefing. NUMEC is the acronym for Nuclear Materials and Equipment Corp., the now-defunct Apollo company which could not account for the loss of 206 pounds of highly enriched uranium, roughly enough for 10 atomic bombs.

Gossick also may come under fire from other quarters on Capitol Hill because Aug. 8, after he apparently had learned about the contents of the CIA's briefing, he told a subcommittee headed by Rep. John D. Dingell, D-Mich., that the NRC's "view" was that "there has been no evidence for

indicate that any diversion has taken place." At that point, because three of the commission's five seats were vacant, the power to speak for the commission had been delegated to Gossick.

Earlier this week, Victor Gilinsky, one of the commission's two members at the time, wrote to Dingell that shortly before the Aug. 8 hearing he told Gossick about the CIA briefing and added that it was his (Gilinsky's) opinion that "no such categorical statement is possible" in the wake of Apollo.

Asked for comment, Gossick said: "It bothers me very much that somebody's accused me, in effect, of lying before a congressional committee." He added that "the problem here is that evidence means different things to different people. Is evidence proof? Or is evidence a suggestion that something did happen?" he asked a reporter.

WHAT IS KNOWN about Apollo comes largely from documents obtained under the Freedom of Information Act by The Washington Star and several other publications. The documents show that NUMEC was focus of a massive secret investigation and that the original team of Atomic Energy Commission (AEC) investigators found that many of the plant's documents concerned with overseas shipments were missing. The investigators could only conclude that "in the absence of massive collusion" it was likely that diversion had taken place.

The documents show the AEC was seriously concerned about a chronic lack of security at the plant, and about dealings between NUMEC's president, Dr. Zalman M. Shapiro, and the Israeli government. The Israelis were half owners of a NUMEC subsidiary and Shapiro was listed as an "agent" for Israel in purchasing nuclear machinery and in training Israeli technicians.

At one point the AEC warned Shapiro that the presence of "alien" workers at the plant, including an Israeli metallurgist, presented a security risk.

Later the CIA mounted its own investigation of Shapiro, a probe that, according to government sources, intensified in 1968 after CIA agents using sophisticated monitors were able to determine that some industrial process involving sizable quantities of highly enriched uranium was under way in Israel. At that point only the United States, France, England, China and the Soviet Union were known to have the capability of producing highly enriched uranium; the substance contained in the Hiroshima bomb.

The CIA probe apparently triggered the first FBI investigation of the matter. But the probe fizzled, according to several sources, after agents were unable to decipher messages being made to the Israelis by Shapiro on an "encoded" phone, one which used a scrambling device on either end.

(After stating this summer that rumors implicating him in diversion scenarios are "ridiculous," Shapiro has declined to comment further to the press.)

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